3/20/84
A5900-1

CONDITIONS IN THE WOMEN'S GARMENT INDUSTRY

March 12, 1984

ECONOMIC BACKGROUND

The nation's real output of goods and services -- gross national product adjusted for price increases -- rose 3.3 percent in 1983. This compares with a 1.9 percent decline in 1982.

However, by the end of 1983, thirteen months after the recovery began, the economy had not yet been restored to pre-recession levels in a number of key sectors. Other still unresolved major questions have taken on new and added importance. Sparse data for 1984 provide no indication that these problems are being effectively addressed.

Moreover, since the upward movement did not result from deliberate policies, little attention is being paid by the Administration to those aspects of the economy that continue to be troubled. The depth and durability of the recovery as well as its direction are, therefore, left in considerable doubt. Among the more serious elements that continue to beset the economy are the following:

* Although employment as a whole has risen, production worker employment in manufacturing is still two million below the 1979 figure and one million below the pre-recession 1981 peak. The growth in employment in the 1980s has been at a slower pace than in the 1970s and largely concentrated in service-related industries where earnings are lower. In fact, non-agricultural employment was only slightly higher in 1983 than its previous peak in 1981.

* The unemployment rate is still high by historic standards, despite the decline in growth of the work force.

* While manufacturing output has risen sharply from abysmal lows in 1982, industrial production did not reach the level set prior to the downturn until the fourth quarter of 1983 and with a considerably reduced number of workers.

* Federal budget deficits continue at all-time highs, resulting, in turn, in inordinately high interest rates.

* The interest costs of the national debt, accentuated by the Reagan Administration's deficit, are estimated at $116 billion this year. The current

debt and its certain increase raise servicing costs and decrease the availability of federal funds to meet pressing national needs now and in upcoming years.

* High interest rates that result from the budget deficit have attracted huge sums from abroad. According to Common Market sources, more than $150 billion came to the U.S. from Western Europe alone in 1983. These funds have helped to finance the deficit, but they have also contributed to a rise in the relative value of the dollar. If the dollar weakens, however, or if interest rates begin to decline, foreign money could leave the country as readily as it came here, presenting the danger of a new sharp upward movement in interest rates because of increased competition for available money and the continuing budget deficit.

* The country's merchandise trade deficit reached an all-time high of $70 billion in 1983 and is expected to be even higher this year.

* Neglect of the nation's infrastructure over many decades presents serious safety problems and has also led to a decline in the quality of life in the nation. A congressional committee recently reported that to maintain the country's highways, bridges, sewers and water systems in a reasonable state would cost $1.1 trillion between 1983 and the year 2000.

* The nation is also increasingly faced with the problems created by the skewed tax cuts of the Reagan Administration, which have increased the maldistribution of income, increased the number of people living in poverty and contributed to the continued decline in the country's industrial base.

A review of some of the key data for 1983 reveals the strengths and weaknesses in the economy. Easing of monetary policy by the Federal Reserve System in the summer of 1982 continued into 1983. The infusion of more money into the economy, in part through the increase in defense outlays, contributed to the ability, once again, of many consumers to purchase big-ticket durable goods items. Real personal consumption expenditures, as a result, rose 4.2 percent, more rapidly than real gross national product.

The largest increase was in consumer durables, particularly automobiles, and in housing. Purchase of consumer durables rose 11.7 percent over the low buying levels in 1982. Although these purchases represented slightly more than 15 percent of total consumer outlays, the advance in durable goods sales was the key factor in the rise in personal consumption expenditures. Non-durables and service outlays also rose, but at a considerably slower pace.

Fixed investment in real terms was up 8.7 percent in 1983 after dropping 6.7 percent in 1982. Investment in housing played the major role in this expansion, rising a massive 40.2 percent after sharp declines in the two prior years.

Investment in producers durable goods, considered an important indicator of future output, was up 5.4 percent in 1983. However, it was still below where it had been in 1981. Outlays for non-residential structures declined 6.9 percent.

Together, these two components of industrial investment were up a slight 0.4 percent after falling 4.7 percent in 1982; the manufacturing investment component declined for the second consecutive year, while non-manufacturing

outlays provided for the small rise. The rationale for the Reagan tax cuts was supposed to be that industrial investment would be encouraged and jobs would thereby be created.

Federal government purchases increased a slight 1.3 percent in 1983, with national defense outlays rising 6.9 percent and non-defense buying dropping 10.6 percent. State and local expenditures were flat in 1983 over 1982, after declining in both 1982 and 1981 by 0.6 percent and 1.0 percent respectively.

Compensation to employees rose during 1983 and profits soared. Retail sales, primarily durable goods, were up during the year as a whole, rising minimally in the first and third quarters, going up substantially in the second quarter and increasing by a lower 2.1 percent in the year-end quarter.

The index of industrial production rose in each of the four quarters of the year, but the rate of growth slowed in the last quarter. The increase, as noted earlier, was from very depressed levels in 1982. For 1983 as a whole, it was still below the 1981 figure, although the index began to rise more rapidly in the latter months of the year. Non-farm employment went up in each quarter of 1983, but at a slower pace in the fourth quarter than in the third.

The unemployment rate dropped to 8.4 percent in the fourth quarter, but continued high by historic standards. In January and February of this year it was 8.0 percent and 7.8 percent respectively. Average weekly hours of production workers inched up in the quarter. The Consumer Price Index showed relatively small increases throughout the year, while interest rates remained high.

RETAIL SALES

Economic recovery in 1983 was at its most evident in the nation's retail establishments. Overall sales were ahead 9.2 percent in current dollars and 6.2 percent after allowance is made for the moderate rise in retail prices. The advances were fueled by booming sales of durable goods dealers.

After a poor 1982, in which real sales of durables actually declined, gains of 16.7 percent in current dollars and 11.4 percent in real terms were chalked up in 1983. Consumer finances were improving, interest rates were down and a huge backlog of demand for cars, home repairs, appliances, furniture and electronics gear encouraged consumers to sharply boost their purchases.

By comparison, sales of non-durables, though they rose in 1983, were more sluggish. They were ahead 6.0 percent in current dollars, but up only 3.6 percent after price adjustment.

As strong as the 1983 performance was, it was not sufficient to bring either overall retail sales, or those of durables, back to the real levels of 1978 or 1979. Only non-durables reached all-time highs, having suffered less of a decline in the recession years than that undergone by hard goods.

The 1983 advances were widespread. Gains occurred in most retail sectors. Gasoline stations provided one of the few exceptions. Gains were shared broadly across the nation. All areas were ahead, with increases ranging from "moderate" in the Midwest to double-digit advances in New England and parts of the South.

RETAIL SALES OF WOMEN'S AND CHILDREN'S WEAR* BY TYPE OF OUTLET
(in millions of dollars)

Period	Total Sales	Department Stores	Women's Specialty Stores	Family Clothing Stores	Other Retail Outlets
1973	27,972	12,308	9,336	2,502	3,826
1974	29,617	12,761	9,910	2,735	4,211
1975	31,683	13,451	10,926	2,933	4,373
1976	34,298	14,670	11,840	3,207	4,581
1977	36,527	16,251	11,925	3,472	4,879
1978	40,944	17,765	13,947	3,758	5,474
1979	43,668	19,011	14,804	3,995	5,858
1980	45,845	19,903	15,227	4,495	6,220
1981	50,605	22,368	16,440	4,954	6,843
1982	52,786	23,324	17,226	5,423	6,813
1983	56,087	25,048	18,642	5,315	7,082
Jan-Apr'82	14,979	6,485	5,013	1,548	1,933
Jan-Apr'83	15,240	6,762	5,173	1,381	1,924
May-Aug'82	16,077	6,870	5,397	1,735	2,075
May-Aug'83	16,881	7,300	5,746	1,704	2,131
Sep-Dec'82	21,730	9,970	6,816	2,140	2,805
Sep-Dec'83	23,966	10,986	7,723	2,230	3,026

* Data include traditional products of the women's garment industry as well as millinery, furs, hosiery, gloves and other accessories.
SOURCE: ILGWU Research Department (benchmarked to 1967, 1972 and 1977 Census of Business)

Retail performance became stronger as 1983 progressed and was exceptionally strong during the Christmas gift buying season. During November and December, overall sales rose 17.8 percent over 1982's disappointing season. The buoyant showing continued into 1984. Preliminary data for January indicate that overall sales were ahead of last year by 12.4 percent in current dollars and 9.7 percent in real terms. Purchases of durables were still leading the way.

Retail sales of women's and children's wear advanced more strongly in 1983 than in 1982. In dollar terms, they were ahead by 6.3 percent. After allowing for a modest 2.2 percent increase in prices at retail, real volume rose 4.0 percent. By way of contrast, sales were ahead 4.3 percent in 1982 and 3.2 percent after price adjustment.

The tempo of women's and children's wear sales also picked up significantly as 1983 progressed. Sales were up 1.7 percent in the first four months of the year, 5.0 percent in the next third and 10.3 percent in the final four months

compared with the same 1982 months. Paralleling developments elsewhere in retailing, an exceptionally strong Christmas season developed, with sales in November and December soaring 12.1 percent over 1982.

Apart from the general improvement in the economy, which increased the consumer's ability to buy, a number of additional factors helped bring about the heightened business for the nation's apparel retailers. While there were few dramatic fashion developments, there was a noticeable continuation of the trend towards dressier apparel. There was also an emphasis on luxury and uniqueness.

A more feminine look became acceptable for the career women, including the greater use of dresses in place of the ubiquitous man-tailored suit. The upper-bracket shopper and the increased purchase of expensive gift items helped add an extra lift to holiday sales.

Even though sales volume was strong, retail prices of women's and children's wear advanced only moderately in 1983. Prices increased progressively in the early part of the year and, from August on, the year-to-year changes each month were slightly over 3 percent.

Women's ready-to-wear stores showed the largest gain, taking over the lead from department stores as 1983 progressed. In the last third of the year, sales of feminine wear by specialty stores gained 13.3 percent compared to a 10.2 percent gain in department store sales. In part, this may have been due to the increase in "off-price" stores which have siphoned off some of the department store volume. Family clothing stores and "other outlets" ran far behind the two pacesetters, the former actually losing through a good part of 1983.

The most unsettling aspect of the retail scene is the fact that an ever greater share of garments sold by the nation's retailers are made abroad. In addition to the quest for higher markups, imports are increasingly fueled by retailer attempts to boost their private label sales in an effort to combat "off-price" stores and by the ever-increasing practice of combining prominent American labels with foreign made goods.

UNIT PRODUCTION OF WOMEN'S AND CHILDREN'S WEAR

Higher retail sales, efforts of retailers to fill inventory pipelines and some fears of import interruptions helped stem the decline in domestic production in 1983. For the year as a whole, activity, as measured by the physical volume of output, was ahead 2.2 percent.

The declines early in the year were offset as the year progressed and business improved. It is much too early to say whether this recent trend will continue and, if so, for how long. Much will depend upon whether the flood of imports that has been ravaging the industry will be stemmed as well as on the depth and duration of the current recovery.

By historic levels, activity in our industry is still far behind. Compared to the peak year of 1979, physical volume of output was off 8.2 percent in 1983 and is lower than at any time in the past 10 years.

Monthly production data have been available over the years for only a small number of key women's items. Even these data were suspended by the Census

UNIT PRODUCTION OF SELECTED WOMEN'S AND MISSES' GARMENTS AND PHYSICAL VOLUME OF OUTPUT, WOMEN'S AND CHILDREN'S APPAREL INDUSTRY (in millions)

Period	UNIT PRODUCTION							Physical Volume of Output#
	Coats	Suits@	Dresses	Blouses	Skirts	Slacks, Jeans & Dungarees	Sweaters*	
1973	24.6	25.0	275.5	236.5	64.7	225.1	151.3	$8,684
1974	22.4	28.1	236.9	245.2	57.9	238.5	148.3	$8,363
1975	23.2	32.5	222.7	277.8	63.7	240.4	134.8	$8,335
1976	22.2	32.5	213.5	296.2	64.9	246.4	127.2	$8,451
1977	20.1	32.2	228.3	335.6	68.8	227.9	127.5	$8,730
1978	20.6	30.0	239.5	365.0	78.0	215.9	121.6	$8,872
1979	20.6	24.8	247.2	412.7	79.2	250.3	107.7	$9,057
1980	19.4	18.7	252.8	403.8	87.4	264.3	107.6	$9,054
1981	16.1	13.6	218.4	387.9	103.1	272.8	124.9	$8,718
1982	13.4	10.7	197.2	377.6	94.7	261.1	119.2	$8,135
1983	11.3	8.2	179.0	431.3	105.5	248.8	95.8	$8,313
Jan-Apr'82	3.6	4.0	75.1	129.5	32.3	94.0	28.7	$2,647
Jan-Apr'83	2.4	2.5	70.5	135.2	34.8	89.7	24.6	$2,576
May-Aug'82	5.3	3.5	65.1	123.1	31.6	86.0	44.4	$2,781
May-Aug'83	4.8	3.0	57.7	150.5	36.4	84.4	33.1	$2,876
Sep-Dec'82	4.5	3.2	57.0	125.0	30.8	81.0	46.0	$2,707
Sep-Dec'83	4.1	2.7	50.8	145.6	34.4	74.7	38.1	$2,861

@ Suits including pant-suits
* Sweaters for women and men
# Physical volume of output of women's and children's apparel industry expressed in 1967 value.
SOURCE: U.S. Bureau of the Census and ILGWU Research Department (benchmarked to 1963, 1967 and 1972 Census of Manufactures)

Bureau in 1982 because of budgetary and data collection problems. The series was resumed in 1983. To permit comparisons with 1982, when monthly data were not collected, the ILGWU Research Department has prepared estimates based on the annual Census data.

The monthly data for 1983 exhibit very disparate trends. Production of women's blouses gained 14.2 percent over 1982, while skirt output was ahead 11.4 percent. All other products for which data are available showed 1983 declines.

Output of women's slacks, jeans and dungarees declined 4.7 percent between 1982 and 1983, while dress production fell 9.2 percent. Coat and suit output was down 15.7 percent and 23.4 percent respectively. Women's sweater production was off 28.7 percent in 1983, though overall sweater production was down by 19.6 percent because output in men's sweaters dropped only 3.5 percent.

Production patterns in 1983 varied with product. In general, the first four months fared less well than the succeeding portion of the year. For example, in coats and suits, the double-digit declines of the first four months of the year over the same 1982 months gave way to more moderate drops as the year developed.

In blouses and skirts, the margin of gain advanced sharply in the second third of the year, but eased thereafter. In dresses, slacks, and sweaters, output in the latter months of the year was lower than in the earlier parts.

For products not covered by the monthly report, trade information forms the basis for determining month-to-month developments. Using such trade information, however, has become increasingly difficult because of the impact of imports. More and more firms that are generally looked upon as domestic manufacturers are sourcing their goods abroad. Their reports on their businesses, therefore, lead to obvious overstatements of domestic production.

In spite of this, it appears that as 1983 progressed there was a broad production shift, ranging from sportswear to intimate apparel, from the minus column to the plus column. The gains, however, were either too late or too small to pull the year as a whole out of the red. Improvements in consumer fortunes and outlook helped to step up replacement of apparel wardrobes and shift purchases to more fashion oriented, more expensive goods.

IMPORTS

For the apparel importer, 1983 was a year of superlatives. For the domestic industry and its workers, it was a disaster.

Imports of women's and children's apparel and accessories, measured in square yards of material used in their manufacture, rose from 2.0 billion yards in 1982 to an all-time high of 2.4 billion yards in 1983. The gain of 20.4 percent was the largest percentage increase since 1971. The advance of 400 million yards was the largest single increase in the history of apparel imports.

The import boom was pervasive, with all fiber and construction types sharing fairly equally in the gains. Imports of women's and children's cotton wear were ahead by 21.6 percent, wool garments were up 38.3 percent and man-made fiber apparel increased 19.0 percent. Knit garments rose 20.8 percent, while those made of woven fabrics were up by 20.1 percent. On an overall basis, unit import values were unchanged in 1983.

Soaring imports brought the penetration rate for all apparel to 45.5 percent of domestic consumption. For women's and children's wear, the 1983 imports rose to more than 50 percent of total consumption.

Data on imports of individual items of women's and children's wear also showed strong growth in 1983. Of the 21 major products for which data are available, 20 were ahead of their 1982 levels. Swimwear, brassieres, judo and karate suits, coats and raincoats, were ahead by 8 percent or less.

Nightwear, sweaters, slacks and shorts, blouses, knit shirts and playsuits were ahead by 11 to 19 percent; infants' sets, dressing gowns, coveralls and girdles and corsets were up by 22 to 28 percent. Underwear, dresses, suits and skirts gained between 44 and 64 percent, while bodysuits and bodyshirts nearly doubled. Only tops and vests declined. In the vast majority of items, 1983 represented a new high in imports.

IMPORTS OF SELECTED WOMEN'S AND CHILDREN'S GARMENTS
(in thousands of units)

Product	Year 1977	Year 1978	Year 1979	Year 1980	Year 1981	Year 1982	Year 1983
Coats & jackets, cotton	7,586	8,656	8,392	14,580	19,706	18,835	18,429
" " " wool	1,335	2,294	1,936	2,259	2,300	2,229	3,276
" " " synthetic	23,760	25,746	22,274	26,017	30,071	38,484	39,920
TOTAL	32,681	36,696	32,602	42,857	52,077	59,548	61,626
Suits, wool	547	414	445	344	654	1,018	1,390
" synthetic	2,826	3,085	1,725	1,370	2,112	2,955	4,963
TOTAL	3,373	3,499	2,169	1,715	2,766	3,973	6,353
Dresses, cotton	5,854	6,534	4,832	8,413	9,396	9,397	12,280
" wool	761	635	496	1,013	1,109	415	1,022
" synthetic	10,194	12,840	11,860	13,884	15,839	13,798	21,599
" silk (non-ornamented)	230	463	990	1,143	1,697	1,563	2,385
TOTAL	17,039	20,472	18,178	24,453	28,041	25,172	37,286
Blouses, cotton	64,750	107,284	126,743	107,475	118,007	125,985	140,055
" wool	7,712	7,631	6,450	6,603	7,968	5,186	7,166
" synthetic	75,395	90,246	89,169	93,214	96,686	107,699	123,598
" silk (non-ornamented)	1,732	3,543	3,806	3,668	5,402	4,272	6,094
TOTAL	147,589	208,705	226,168	210,960	228,064	243,142	276,913
Knit shirts (a), cotton	63,743	66,294	58,774	51,421	47,488	54,144	57,799
" " synthetic	157,434	156,507	123,630	116,788	126,803	137,109	170,522
TOTAL	221,177	222,801	182,404	168,209	174,290	191,253	238,321
Sweaters (b), cotton	2,905	4,086	5,485	6,115	5,651	8,900	10,000
" wool	30,133	22,825	19,910	30,659	27,519	31,055	34,392
" synthetic	109,461	113,583	94,846	112,384	112,541	115,162	128,954
TOTAL (c)	142,609	141,053	120,747	149,879	148,968	161,475	187,595
Skirts, cotton	5,109	7,275	8,469	9,955	14,327	14,740	19,530
" wool	902	1,488	1,626	1,298	1,287	1,556	2,933
" synthetic	1,840	3,633	4,040	3,522	5,945	7,038	13,980
TOTAL	7,851	12,397	14,135	14,774	21,559	23,334	36,443
Slacks & shorts, cotton	77,314	94,794	86,368	97,843	106,626	99,844	140,596
" " " wool	777	1,173	745	959	1,348	1,552	2,200
" " " synthetic	61,276	75,992	66,431	68,584	75,475	107,291	97,163
TOTAL (c)	139,505	172,322	153,869	168,035	184,530	209,386	240,745
Playsuits, cotton	11,981	11,659	12,292	18,114	21,230	23,157	24,100
" synthetic	8,554	9,206	7,839	8,382	7,911	7,126	9,493
TOTAL	20,535	20,865	20,132	26,496	29,141	30,283	33,593
Raincoats (b), cotton	2,465	3,888	4,029	2,331	1,995	2,044	2,332
" synthetic	4,764	6,030	5,542	4,365	4,764	4,578	4,445
TOTAL	7,229	9,918	9,572	6,696	6,759	6,623	6,776
Dressing gowns & robes, cotton	1,900	1,838	1,005	1,814	2,487	3,349	4,196
" " " " wool	10	18	5	82	7	8	10
" " " " synthetic	936	1,302	1,695	1,555	2,046	2,015	2,418
TOTAL (c)	2,856	3,172	2,712	3,469	4,572	5,406	6,689
Nightwear & pajamas, cotton	6,368	7,172	6,369	6,652	10,678	11,803	13,130
" " " synthetic	1,519	2,140	1,848	1,873	2,735	4,755	6,570
TOTAL (c)	7,889	9,313	8,221	8,534	13,423	16,585	19,742
Underwear, cotton	6,731	12,627	15,971	19,177	28,368	45,980	70,313
" wool	152	257	204	266	227	263	250
" synthetic	22,680	22,584	23,490	33,960	40,693	38,109	50,978
TOTAL (c)	29,642	35,728	39,739	53,466	69,502	84,654	121,857
Brassieres, cotton	4,407	2,278	2,223	1,619	1,178	1,640	3,244
" synthetic	109,678	126,091	131,508	142,529	150,922	136,239	144,733
TOTAL	114,085	128,369	133,731	144,148	152,100	137,879	147,976
Girdles & corsets, cotton	45	4	14	5	54	23	38
" " " synthetic	3,185	4,333	5,041	6,830	7,752	7,445	9,546
TOTAL	3,230	4,337	5,055	6,835	7,806	7,468	9,584
Infants' sets (d), cotton & synthetic	28,205	31,798	31,761	35,947	36,634	35,999	43,964
Swimwear, synthetic	9,877	14,025	13,865	11,379	8,059	9,247	9,949
Tops & vests, cotton & synthetic	10,441	11,730	13,346	17,399	13,160	9,453	8,393
Body suits & shirts, synthetic	1,063	3,577	3,109	730	1,564	2,684	5,289
Coveralls (e), synthetic	1,237	1,275	746	737	812	908	1,165
Judo/karate suits, cotton & synthetic	75	128	96	184	190	273	293

(a) Excludes knit tops
(b) Men's, women's and children's
(c) Includes garments of silk and other fibers not shown separately
(d) Up to and including 2 years of age
(e) Includes overalls and jumpsuits

SOURCE: U.S. Bureau of the Census (imports for consumption)

The persistent rise in apparel imports during 1983 led to pressure from the domestic industry for action to prevent the decimation of the industry. The appointment early in the year of a White House working group to study the textile and apparel import problem led to hopes that a solution would be found. In the discussions that led to the appointment of the working group, specific attention was paid to the President's pre-election promises to keep the textile and apparel industries from being destroyed by the surge of imports.

The group's report was subject to long delays, apparently emanating in the White House. However, even though it became apparent early on that any action would be limited to a tightening of administrative procedures, the report was not forthcoming. It is now unofficially reported that more than nine months after the working group's formation, the report may be issued sometime this month.

In the wake of substantial increases in apparel and textile imports month after month, pressure on the White House for meaningful action continued. On December 16, 1983, the White House announced a series of provisions to tighten the administration of the Multifiber Arrangement and the bilateral agreements that now regulate apparel and textile imports.

The rules provided for automatic implementation of consultations when shipments in any MFA category or product from a given country increase more than 30 percent in the most recent 12 months or where the import/production ratio exceeds 20 percent. In both circumstances, the country involved would have to ship more than 1 percent of U.S. production before implementation of consultations could begin. In the case of the three countries where export controls are used -- Hong Kong, Korea and Taiwan -- a formal early warning system has been established to prevent overshipment.

It was evident from the start that the new rules would not reduce the level of imports or even hold the line. At best, they would slow the growth rate of imports. While it is too soon to assess the full impact of the Administration's program, it should be clear that it can, at best, be of limited value.

Substantial increases in import shipments can take place before the new controls are triggered. Furthermore, it is possible for significant shifts to take place to avoid the new controls. Production can be shifted from a country with a filled quota to one with an unfilled quota or to products with unfilled quota or non-quota categories.

Experience also shows that a wide range of illegal or evasive actions take place to get around import quotas. Among such actions are illegal labeling or invoicing to attempt to get goods through Customs and transshipment through countries with which the United States has no current agreement or which have open quotas.

The Customs Bureau is making a serious attempt to curb such illegal practices via its "Operation Tripwire". However, the frequency with which these practices are reported in the press indicates the enormity of dealing with the problem. Pressures are also rising to restore Administration cuts in Customs personnel, including apparel and textile specialists.

If preliminary 1984 data are any sign, the import problem has not abated. Total apparel imports rose 11.1 percent in January 1984. While shipments early in the

year often increase rapidly because quotas are newly opened, the dimensions of the increase continue to seriously harm our industry. Domestic consumption is not keeping pace with import growth. The obvious result must be a further decline in domestic output.

The ILGWU campaign to secure a rollback of apparel imports to 25 percent of the domestic market continues in high gear. The House resolution urging this action has more than half of the members of the House as sponsors and efforts continue to add additional names to the Senate roster. Hearings on the Resolutions are expected to begin some time this Spring.

EMPLOYMENT, MANHOURS, PAYROLLS

Activity in the women's and children's wear industry appears to have levelled off in 1983. Employment for the year was ahead 0.1%, while manhours worked were up 3.3 percent. With a strong revival in retail performance and some fears that quotas might interfere with import deliveries, enough work was diverted to domestic factories to keep employment from dropping.

The tempo of activity increased as the year progressed and was at its height in the latter part of the year. In the first four months of 1983, employment was still 3.3 percent below the same 1982 months and manhours worked were only ahead 0.6 percent. In the next four months, employment was 0.6 percent higher and manhours worked 3.4 percent above the same four months in 1982. In the final third of the year, employment rose 3.0 percent over the like period in 1982 and manhours advanced 5.6 percent.

Favorable as they may seem, these data must be placed in context. The 1983 gains are likely to be temporary unless there is a complete turnaround in the nation's import control program. In addition, current employment levels are still far below those of the past. For example, the gains in employment in the last four months of 1983 notwithstanding, the number of jobs in the industry was 17.8 percent below the peak levels of ten years ago and manhours worked were 14.8 percent behind.

Employment varied in the branches of the industry during 1983. For the year as a whole, the most positive showing in employment was in the knit underwear industry, where employment was up 5.3 percent. The coat, suit and skirt branch gained 1.7 percent, while underwear and nightwear employment was ahead 1.4 percent. The blouse and "other outerwear" (slacks, shorts, swimwear, play-garments, etc.) branches were ahead less than 1 percent. These gains were offset by a 5.6 percent drop in employment in corsets and brassieres, a 2.5 percent decline in knit outerwear, a 1.6 percent decline in dresses and a marginal setback in children's outerwear.

In the final third of 1983, employment was up in all branches except for the blouse and knit outerwear industries, although it was still far below the levels in recent years. Advances ranged from 1.9 percent in dresses to 8.6 in knit underwear. In terms of manhours, only the blouse industry was behind the same months of 1982.

Because of the reduced number of shops in the industry, the flurry of additional work during 1983 led to longer work schedules rather than the hiring of additional workers. Average weekly hours increased 4.0 percent for the year.

EMPLOYMENT, MANHOURS, AND PAYROLLS, WOMEN'S AND CHILDREN'S GARMENT INDUSTRY

AVERAGE EMPLOYMENT OF PRODUCTION WORKERS

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear (*)	Child. Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear (*)
1973	64,500	183,700	45,900	70,200	68,900	102,000	24,700	72,800	28,700
1974	61,300	166,300	45,500	67,100	63,200	103,500	22,700	67,000	29,400
1975	56,800	149,800	45,600	57,300	56,600	100,000	19,600	61,100	28,800
1976	61,000	151,100	48,400	60,500	60,200	112,600	19,300	64,900	31,400
1977	56,700	144,300	49,600	64,700	59,000	118,600	16,600	64,600	29,100
1978	55,500	145,000	53,600	67,100	59,100	124,600	16,100	63,900	29,000
1979	55,900	138,700	55,800	60,400	56,800	124,600	14,900	63,100	27,600
1980	57,100	127,900	54,100	59,400	55,100	120,400	13,900	62,100	26,700
1981	53,200	121,300	55,000	60,000	54,700	123,400	14,200	62,500	26,300
1982	48,400	112,000	53,000	55,700	52,600	116,100	11,800	59,000	24,300
1983	49,200	110,200	53,300	54,300	52,500	117,100	11,200	59,800	25,600
Jan-Apr'82	46,200	118,200	53,200	52,300	53,500	121,500	13,000	59,900	24,100
Jan-Apr'83	45,500	111,500	53,300	52,000	51,100	117,700	11,100	57,400	24,600
May-Aug'82	49,500	109,600	51,700	57,400	53,200	112,000	11,400	58,300	24,200
May-Aug'83	51,100	108,700	53,200	54,700	52,400	114,500	11,100	59,200	25,600
Sep-Dec'82	49,300	108,300	54,100	57,500	50,900	114,900	11,000	58,700	24,500
Sep-Dec'83	51,000	110,400	53,400	56,200	54,000	119,100	11,400	63,000	26,600

MANHOURS OF PRODUCTION WORKERS (in millions)

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear (*)	Child. Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear (*)
1973	109.7	307.6	80.0	134.6	123.1	182.6	44.6	132.3	54.6
1974	103.1	263.7	77.2	126.7	111.7	182.9	40.1	119.5	54.6
1975	95.4	242.3	79.3	106.3	101.3	178.7	34.9	107.6	54.4
1976	104.1	251.4	84.3	115.0	109.5	199.4	35.7	118.9	59.8
1977	94.4	237.6	84.7	122.6	105.4	207.9	30.1	117.5	55.1
1978	93.1	237.5	92.6	124.8	106.6	218.8	29.4	113.7	54.6
1979	93.1	220.5	95.3	113.0	102.5	216.2	26.4	113.5	50.0
1980	97.1	202.6	92.7	114.2	97.9	209.2	24.1	113.4	49.4
1981	90.2	197.6	93.8	112.5	99.0	216.6	25.4	114.1	47.5
1982	79.0	181.3	91.1	102.3	93.2	197.0	19.9	103.4	41.9
1983	83.8	180.6	92.4	100.8	94.1	209.6	20.1	109.5	48.0
Jan-Apr'82	23.9	63.2	29.1	30.3	29.9	66.8	6.8	33.2	12.6
Jan-Apr'82	24.8	59.8	29.8	30.3	29.7	68.9	6.4	33.1	14.8
May-Aug'82	28.1	60.6	30.8	36.8	32.9	65.2	6.6	35.3	14.6
May-Aug'83	30.4	61.1	32.0	35.1	32.3	69.9	6.7	37.4	16.5
Sep-Dec'82	26.9	57.4	31.3	35.3	30.4	65.1	6.5	34.9	14.8
Sep-Dec'83	28.6	59.7	30.7	35.4	32.1	70.8	7.0	39.0	16.6

PAYROLLS OF PRODUCTION WORKERS (in millions of dollars)

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear (*)	Child. Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear (*)
1973	$347.1	$906.5	$209.6	$389.0	$314.3	$481.7	$120.1	$321.9	$144.5
1974	349.5	843.9	220.7	397.1	305.8	526.5	116.8	314.7	155.3
1975	342.3	801.4	240.4	356.4	297.4	545.1	109.8	303.0	163.1
1976	390.3	887.8	272.9	408.4	317.8	657.6	120.6	359.4	193.5
1977	377.1	887.5	292.2	456.3	346.3	726.3	107.6	376.4	191.2
1978	391.3	953.0	340.0	491.9	377.8	830.1	112.3	398.9	204.2
1979	420.6	955.4	377.4	482.8	393.8	886.8	109.0	430.4	204.2
1980	489.2	953.7	399.0	535.6	417.9	930.0	105.9	464.1	225.4
1981	490.9	1,002.7	436.9	567.4	450.6	1,032.7	121.3	508.5	234.5
1982	448.5	956.1	434.6	537.8	449.6	976.0	101.7	479.0	216.8
1983	508.4	996.4	451.5	556.8	451.4	1,064.4	105.9	525.9	255.4
Jan-Apr'82	134.6	330.0	139.8	158.5	142.5	328.0	34.9	153.4	64.9
Jan-Apr'83	141.8	324.4	143.7	165.0	142.3	347.8	32.7	158.7	78.7
May-Aug'82	159.6	317.9	145.2	192.4	163.8	321.1	33.9	162.1	74.8
May-Aug'83	179.4	337.9	156.4	192.3	154.2	353.1	35.7	178.2	87.5
Sep-Dec'82	154.3	308.1	149.6	186.9	143.3	326.8	33.1	163.5	77.1
Sep-Dec'83	187.3	334.1	151.4	199.4	155.0	363.5	37.4	189.1	89.2

* Men's and women's garments

SOURCE: U.S. Bureau of Labor Statistics and ILGWU Research Department estimates

The industry's payrolls reflected both the increase in the amount of work and the improvements in the wages paid to workers. They were up by 6.9 percent in 1983. Limited available January data indicate that the heightened activity carried forward into 1984. Detailed employment data are not yet available for the individual branches of the industry, but, for men's and women's apparel combined, January employment moved up 5.9 percent and manhours 7.4 percent.

HOURLY EARNINGS

Data on hourly earnings in the various branches of our industry are collected and tabulated by the Bureau of Labor Statistics and cover workers in non-union establishments as well as those under ILGWU agreements. The latest information is for December 1983. It includes the impact of the second-stage June 1983 increase negotiated by the ILGWU throughout the outerwear industry. The year ago data, for December 1982, includes the first-stage increase that took effect at the beginning of that month.

AVERAGE HOURLY EARNINGS, WOMEN'S GARMENT AND OTHER SELECTED INDUSTRIES

Industry	Dec. 1973	Dec. 1978	Dec. 1979	Dec. 1980	Dec. 1981	Dec. 1982	Dec. 1983
WOMEN'S GARMENTS							
Coats, suits, skirts	$3.20	$4.21	$4.72	$5.22	$5.47	$5.71	$6.09
Dresses	2.92	4.14	4.48	4.94	5.13	5.42	5.67
Blouses	2.68	3.75	4.05	4.47	4.74	4.81	4.95
Knitted outerwear*	2.98	4.05	4.46	4.85	5.16	5.34	5.62
Children's outerwear	2.60	3.64	4.02	4.37	4.66	4.76	4.85
Other outerwear	2.75	3.87	4.22	4.56	4.82	5.07	5.16
Corsets, brassieres	2.74	3.93	4.17	4.44	4.91	5.02	5.28
Underwear, nightwear	2.50	3.58	3.88	4.22	4.54	4.69	4.84
Knitted underwear*	2.75	3.84	4.28	4.69	5.04	5.20	5.40
MEN'S CLOTHING							
Suits, coats	3.51	4.95	5.31	5.50	5.87	6.15	6.32
Shirts, nightwear	2.50	3.57	3.96	4.31	4.55	4.64	4.80
Separate trousers	2.61	3.79	4.17	4.48	4.73	4.90	5.02
Work clothing	2.45	3.60	3.93	4.29	4.60	4.84	4.96
ALL MANUFACTURING	4.24	6.48	6.98	7.70	8.27	8.68	9.06
NON-DURABLE GOODS	3.82	5.75	6.27	6.88	7.45	7.95	8.24
DURABLE GOODS	4.52	6.93	7.42	8.24	8.83	9.24	9.62
Automobiles	5.68	9.04	9.33	10.86	11.26	11.70	12.51
Primary metal industries	5.25	8.57	9.29	10.36	11.08	11.49	11.32
Printing, publishing	4.85	6.73	7.21	7.87	8.49	9.00	9.32
Rubber and plastic products	3.93	5.77	6.24	6.91	7.39	7.91	8.20
Cotton fabrics	3.07	4.66	5.07	5.51	5.93	6.33	6.52
Silk and synthetic fabrics	3.16	4.74	5.15	5.56	6.04	6.42	6.72
Wool fabrics	3.18	4.54	4.98	5.39	5.87	6.27	6.61
COAL MINING	6.07	9.76	10.35	11.20	12.37	13.19	14.28
BUILDING CONTRACTORS	6.05	8.21	8.86	9.53	10.27	10.71	10.65

* Men's and women's garments

SOURCE: U. S. Bureau of Labor Statistics

Between December 1982 and December 1983, average hourly earnings rose an estimated 38 cents in the coat, suit and skirt industry, 28 cents an hour in knitted outerwear mills, 26 cents an hour in the corset and brassiere branch and 25 cents an hour in the dress industry.

Hourly earnings in December were 20 cents higher than a year ago in knitted underwear mills. In the underwear and nightwear branch, earnings were ahead 15 cents per hour, while in the blouse branch they were up by 14 cents per hour.

The smallest gains -- 9 cents an hour -- took place in children's outerwear and in "other outerwear". The shops in the latter industry produce various sportswear items such as slacks, shorts, jeans, swimwear, playgarments as well as service apparel.

Gains in hourly earnings have been kept in check in recent years for several reasons. With large orders for more stable styles going abroad, the domestic shops have been left with small lots, many style changes and sporadic work loads. These factors tend to hold back workers' piece work earnings opportunities. The national average has also been impacted by the search for the lowest wage areas in which to produce goods.

CURRENT OUTLOOK

A major element in the current economic recovery has been the extremely low rate of growth in investment in plant and equipment. This follows two years of decline. Investment in plant and equipment is considered the motor force for growth, leading to higher employment and long-term growth. Increases in investment impact upon income considerably more than the actual increase in such spending. Conversely, a decline in investment creates a greater decline than the actual drop in such spending.

It will be recalled that the primary claim of the Reagan Administration in defense of its skewed tax cuts that clearly favored corporations and the wealthy was that these tax cuts would encourage a higher rate of investment and thus lead to an increase in employment and income. The latter, it was said, would result from the effect of trickle-down to the working sectors of the economy.

Reference to the rise in investment in 1983 was made earlier in this report (page 2). The largest growth area was in housing, the result of a decline in interest rates, which led to lower, although still high, mortgage rates. Producers durable goods outlays also rose, but were still below the 1981 level. Federal government investment was up slightly over 1982 purchases, mainly the result of defense buying, but state and local investment was flat over 1982.

Until the end of 1983, the recovery was largely fueled by the release of pent-up consumer demand, particularly for consumer durables. The ability of consumers to increase their purchases of big-ticket items was made possible by the loosening of credit on the part of the Federal Reserve System, which contributed to the decline in unemployment, albeit unevenly from industry to industry.

The low level of additions to capacity in recent years and the increase in shutdowns of older plants, however, have made it difficult to meet greater demand in some industries. Normally, such a circumstance begins to put pressure

on prices, leading to expectations that interest rates will once again begin to rise. If this scenario develops, the Federal Reserve System may be expected to renew credit tightening, assuming it continues to follow its recent policy actions, resulting in a drop in economic activity.

Two major sources -- a government agency and a private organization -- forecast anticipated investment in plant and equipment. Both suggest in their most recent surveys that 1984 will witness large increases in capital outlays. They forecast that, despite the high cost of money, the expected continued growth in consumer demand, the tremendous increase in profits as a result of "streamlining" in many plants and the pressures on output resulting from prior low investment rates will lead to an investment boom this year.

At least two major questions arise in assessing the reality of these forecasts. The first is that they are forecasts and do not reflect a certainty. By and large, such forecasts have been over-optimistic in the past. Secondly, there is a question of timing. The forecasts presume an ongoing and growing consumer demand. Assuming this to be the case, lags in putting new equipment and plant into operation once the decision to invest is made raise some doubts as to whether the level of demand will coincide with putting new investment in place.

Detailed data on the breakdown of investment through the fourth quarter of 1983 are still limited, but it appears that the biggest rise was in business equipment -- computers, word processors, telecommunications and similar fields. None of these investments produces large numbers of jobs; in fact, the precise purpose of such investments is to lower job needs. Production of such equipment creates fewer domestic jobs than might have been the case, since substantial quantities are imported.

Should the anticipated growth in the rate of investment occur, it will be from very low levels, particularly in capital goods industries. For example, machine tool orders for metal-cutting and metal-forming machines rose 26 percent in January over the prior month and were running at a rate twice that of January 1983. However, January 1983 marked a low point for the machine tool industry.

Another factor, one to which inadequate attention is paid by forecasters, is the role of imports in new equipment orders. Fully one-third of the U. S. market for machine tools, for instance, has been captured by imports and, as in other industries, the expectations are for further rises in such imports. Along with the increasing stress by industry on labor-saving equipment and the growth of jobs concentrated in lower-paying fields, assuming an investment boom, the question is how deep will it be and how long will it continue.

Current prognostications of an expected boom in investment do not address the effect on both short-term and longer term employment in this country and, therefore, the level of consumer demand. The increasing role of imports in almost all industries and the search for quick payoffs and high returns by substituting capital for labor raise serious doubts concerning positive employment and income effects of forecasted rises in investment.

In the absence of strong investment, further improvement in the economy will have to come, as it has until now, from consumer spending. While indications in early 1984 are that consumer spending is still being sustained, it is uncertain for how long and at what level the trend can continue.

Much of the gain of the past year was fueled by pent-up demand, which is increasingly being satisfied. Some purchases have been made earlier than usual as consumers have taken advantage of stable prices and attempted to beat future interest and price increases. This "borrowing" from future sales will have to be "paid back" at a later point. Even in the absence of a dramatic turnaround in the economy, such as a decline brought on by high interest rates or tighter monetary and fiscal policies, some moderation in the growth rate in consumer spending can be expected.

The prospects for soft-goods retailing in general and more specifically, women's and children's apparel, seem favorable for the balance of 1984. Once they have met their needs for durables, consumers will be moving in turn to fill gaps in their wardrobes and to freshen them with the seasons' new designs. Fashion trends are stimulating demand as well.

The industry designers have gone their individual ways and given the consumer a wide range of styles and moods to choose from. There is a distinct move towards comfortable, less constructed garments. Dresses are growing in favor not only because the chemise based styles are meeting the requirements for easy fit, but also because of their greater acceptance for office use. The move towards looser styles is also evident in coats and sportswear.

The major question facing the domestic industry is the extent to which any sales gains at retail will inure to its benefit. For the moment, there are few signs that there will be a significant turnaround in the industry's fortunes. Retailers are still purchasing imported apparel in ever-larger quantities as they continue to seek higher markups and fashion exclusivity in private branded apparel made abroad.

The Administration's tightened quota regulations may help somewhat, but are not likely to do too much. Only a substantial program, such as the campaign to roll back imports to 25 percent of domestic market, can really help put garment workers back to work and expand job opportunities in our industry.

A5900-1

CONDITIONS IN THE WOMEN'S GARMENT INDUSTRY

September 12, 1984

ECONOMIC BACKGROUND

Real Gross National Product -- the nation's output of goods and services adjusted for price increases -- continued to grow in the first two quarters of 1984. The pace of growth slowed in the second three months, although the quarter to quarter rise was still a healthy 1.9 percent. Real GNP went up 2.4 percent in the first 1984 quarter. Early soundings indicate a further slowing in the first two months of the third quarter, but the magnitude is not clear.

Detailed data for key GNP components show important gains in the first six months of 1984 over 1983, the year the recovery began. The upward movement, however, did not result from deliberate Administration policies. It was fueled by a number of factors, among them:

* A massive and ever-rising budget deficit, which gave the economy an important boost.

* The ongoing inflow of money from abroad, attracted by high U. S. interest rates, which helped to strengthen the dollar.

* A decline or slowing in the rate of price increases, in part because of economic stagnation in other major industrial nations which caused a glut in raw materials and in part a result of the continuing strength of the dollar, encouraging the growth of imports.

* Pressure on wages through unemployment or the threat of unemployment, coupled with givebacks forced upon labor, have kept wage increases far below historic experience in a recovery.

* Continued easing of monetary policy by the Federal Reserve System, begun in 1982 and continued in 1983 and 1984.

* A huge increase in the consumer debt, which by June had raised the ratio of credit to disposable income to 16.7 percent, approaching the all-time high of 17.8 percent.

* A media-fed euphoria and record stock market activity.

Research Department International Ladies' Garment Workers' Union

Some elements in the current recovery show important shifts in the structure of the economy during the Reagan years. Among them are the composition of employment and the astronomical rise in the merchandise trade deficit. Employment gains are being pointed to as among the most important accomplishments of the Administration. The trade deficit is essentially ignored, despite the fact that it hit an all-time high of $70 billion in 1983 and is expected to rise to about double that figure in 1984.

Total employment rose by 5.5 million on a seasonally adjusted annual basis from January 1981 to July 1984 and unemployment went up more than half a million. Non-agricultural employment increased by 3.5 million. Distribution of private employment by sector shows that in July 1984 compared with January 1981:

* Manufacturing employment declined by 450,000.

* The largest gains were in service-related industries, which grew by 3.9 million workers. Service employment was up by almost 2.4 million, retail by almost 1.2 million, finance, insurance and real estate by 430,000 and wholesale trade by 190,000.

* A 90,000 gain in construction employment was wiped out by a drop of almost 100,000 in mining.

* Except for construction and mining, the highest hourly wages are paid in manufacturing. Wholesale trade pays slightly less, but the wage level of the principal service-related industries ranges from 64 to 80 percent of that in manufacturing.

The shift from manufacturing to service employment results in a decline in living standards. It also raises the question of sustained growth in a consumer-fueled economy, such as ours, when the mass of consumers earn less on the average than heretofore. In support of the forgoing , the data show that since 1980 average income of the poorest fifth of all families dropped by close to 8 percent and that of the most affluent fifth rose by almost 9 percent.

In the same three-and- one-half year period, as stated earlier, unemployment rose by a net of more than half a million. The most significant increase was in the 20 years and over category, which grew by 800,000, while the 16 to 19 year olds classified as unemployed declined by 300,000.

There is, however, another significant and often neglected element in the unemployment picture, namely those not considered to be in the labor force. Essentially, according to the definition used by the Bureau of Labor Statistics, a person not looking for work is not considered to be unemployed and, therefore, not included in either unemployment or labor force data. The definition thus excludes those who have stopped looking for work because they believe they cannot find it.

Non-seasonally adjusted data for roughly the same period as the Reagan years show that the number of such discouraged people rose by 325,000 to 1,226,000, an increase of 36 percent. Data for those between the ages of 20 and 24 show an almost 66 percent rise, in the 25 to 59 year old group an increase of almost 49 percent and in the 60 years and over a 26 percent rise.

In addition to those not in the labor force by definition, the data also show an increase of almost 1.3 million or 26 percent in the number of workers in the labor force who are working part time for economic reasons. If half the total of such workers is added to the unemployment data and the number of discouraged workers is added to both the labor force and unemployment data, unemployment rises to 10.7 percent from the 7.4 percent reported for July 1984. (The same 7.4 percent rate was reported for August.)

A review of the GNP data for the first two quarters shows that personal consumption continued to rise, although durable goods purchases slowed. Non-durable and service outlays followed the same pattern. Residential investment in housing rose in each quarter, but at a sharply slower pace in the second quarter as mortgage interest rates continued to rise.

Business inventories, which had been going up since the third quarter of 1983, increased sharply in both quarters, but slowed in the second quarter. Per capita disposable income was also up in each quarter, but the rate of increase slowed in the second quarter.

Unemployment continued to fall, but was still above the January 1981 levels. Average hourly earnings increased at a slower pace and the Consumer Price Index was up by about 4 percent over the prior year. The prime rate was 13 percent into September, a 2 percent rise since the beginning of the year.

RETAIL SALES

Buoyant consumer spending brought retail sales to new highs in 1984. Several factors coincided to help bring this about. First, consumers were still trying to make up for spending cutbacks in the recession years of 1981 and 1982. They bought cars, furniture, appliances and many other products whose purchase had been postponed when economic horizons were clouded. A return to work for many workers and stock market gains helped fuel the spending boom.

Second, uncertainty about the future also helped to boost consumer spending. Purchases were advanced in timing to avoid anticipated hikes in prices and interest rates. While this may affect spending in later months, it provided a stimulus to the economy in the first part of this year.

These factors raised overall retail sales to the highest level in the past two decades. In current dollar terms, overall retail sales were up in the first seven months of 1984 by 12.3 percent over the same period last year. In real terms, sales were ahead by a strong 8.1 percent. In 1983 sales rose by 9.2 percent in current dollars and by 6.2 percent after adjustment for price increases.

Sales in durable goods stores led the way, gaining 21.4 percent in the first seven months of 1984 over comparable 1983 months. After allowing for the 6.2 percent rise in the retail price of durable goods, the net gain was 14.3 percent. By the end of 1984, the real volume in durable sales is likely to exceed the peak set in 1978.

Non-durable goods store sales also reached a new high in 1984, though advances were more moderate than in durables. Sales of non-durables through July were

RETAIL SALES OF WOMEN'S AND CHILDREN'S WEAR* BY TYPE OF OUTLET
(in millions of dollars)

Period	Total Sales	Department Stores	Women's Specialty Stores	Family Clothing Stores	Other Retail Outlets
1973	$27,972	$12,308	$9,336	$2,502	$3,826
1974	29,617	12,761	9,910	2,735	4,211
1975	31,683	13,451	10,926	2,933	4,373
1976	34,298	14,670	11,840	3,207	4,581
1977	36,527	16,251	11,925	3,472	4,879
1978	40,944	17,765	13,947	3,758	5,474
1979	43,668	19,011	14,804	3,995	5,858
1980	45,845	19,903	15,227	4,495	6,220
1981	50,605	22,368	16,440	4,954	6,843
1982	52,957	23,324	17,226	5,423	6,985
1983	57,273	25,226	18,835	5,740	7,472
Jan-Jun'83	24,368	10,727	8,131	2,348	3,182
Jan-Jun'84	28,057	12,105	9,607	2,702	3,643

* Data include traditional products of the women's garment industry as well as millinery, furs, hosiery, gloves and other accessories.

SOURCE: ILGWU Research Department (benchmarked to 1967, 1972, and 1977 Census of Business)

up 7.8 percent over the same 1983 months, with real sales advancing 4.7 percent. Overall sales levels were held back by the sluggish sales of gasoline stations and the modest gains of grocery stores.

Retail sales of women's and children's wear made a strong showing in 1984, far outstripping other non-durables. In the first 6 months of the year (July details are not yet available), current dollar sales were ahead of the first half of 1983 by 15.0 percent. In real terms, women's and children's wear sales were ahead by 13.5 percent, the first double-digit gain in many years.

The excellent showing made by the nation's apparel retailers stemmed from a number of factors. First and foremost was the readiness and ability of a large segment of the female population to spend on new or enhanced wardrobes. While still facing discrimination in the workplace, more and more women are employed in professional, and administrative occupations, need suitable attire for their jobs and have the income to spend on it.

The economic recovery has also helped upper-bracket America more than other sectors and this is always the most fashion conscious population segment and the group that spends most on clothing. There also appears to be no weakening in the continued pursuit of leisure activity and the purchase of appropriate garments for sport, vacation and other diversions.

Even in the absence of dramatic new fashion trends, there is a constant evolution of new styles to encourage apparel purchases. This year the adaptation of male styling to female wear, the continued emphasis on dressier attire and the growing use of outerwear styling in loungewear and nightwear, encouraged consumer outlays on apparel.

The best performance by the various types of outlets selling women's and children's wear was the 18.2 percent gain by women's specialty stores. Family clothing store sales were up 15.1 percent, other outlets by 14.5 percent and department stores sales of women's and children's wear by 12.8 percent.

PRODUCTION OF WOMEN'S AND CHILDREN'S WEAR

With retail sales of women's and children's apparel one of the brighter spots in the economy, it is not surprising that a small portion of the gains accrued to the domestic industry. Revised data for 1983, the first year of the current recovery, indicate that the physical volume of output of women's and children's wear increased 0.7 percent over 1982. In the first half of 1984, compared with the same period of 1983, the gain in volume was 6.0 percent.

Actually, the data tend to overstate the true level of production. The official definition of U.S. production used by the Bureau of the Census includes garments cut in the United States, but sewn abroad. In addition, with more and more U.S. manufacturers sourcing work abroad, it is highly probable that production data include some actual imports even though the official definition asks that reporting companies exclude them.

The Census Bureau recently released its production data for calendar year 1983. Release of this information was advanced in timing because of the pressures of the import program and the need for production data to establish the impact of imports on the domestic industry. A historical table showing unit production and value of shipments through 1983 is attached as an appendix to this report. While some production gains are in evidence for 1983, it is also clear that in most cases production levels are lower than in earlier periods.

Monthly apparel data for 1984 are collected by the Census Bureau with the aid of contributions from labor and industry organizations. Key items of women's apparel for which the monthly data are available show a very mixed pattern.

In the first six months of 1984, suit production was 21.8 percent higher than in the same period of 1983, though clearly far below levels of a few years back. Production of tailored separate jackets, one of the new items added to the list of products for which data are now being collected, was up 6.8 percent this year. Blouse output was 4.3 percent ahead, while production of men's and women's sweaters rose 2.6 percent (women's sweaters were up by 12.5 percent while those for men were behind by 13.3 percent).

Other items for which monthly data are available showed declines in 1984. Coat production was down by 21.4 percent, slacks, jeans and dungarees were down 9.6 percent, dress output was 8.3 percent off, knit outerwear sport shirt activity was down by 3.2 percent while skirt output declined by 2.6 percent.

UNIT PRODUCTION OF SELECTED WOMEN'S AND MISSES' GARMENTS AND PHYSICAL VOLUME OF OUTPUT, WOMEN'S AND CHILDREN'S APPAREL INDUSTRY
(in millions)

Period	UNIT PRODUCTION									Physical Volume of Output#
	Coats	Suits @	Tailored Jackets	Dresses	Blouses	Knit Sport Shirts	Skirts	Slacks & Jeans	Sweaters *	
1966	27.7	11.6	N.A.	321.3	223.2	49.2	131.1	110.9	147.0	$9,065
1972	25.2	24.6	N.A.	289.4	215.3	86.3	66.2	205.6	130.8	$8,729
1973	24.6	25.0	N.A.	275.5	236.5	85.0	64.7	225.1	151.3	$8,684
1974	22.4	28.1	N.A.	236.9	245.2	99.7	57.9	238.5	458.3	$8,363
1975	23.2	32.5	16.4	222.7	277.8	107.7	63.7	240.4	134.8	$8,335
1976	22.2	32.5	20.8	213.5	296.2	117.9	64.9	246.4	127.2	$8,451
1977	20.1	32.2	21.8	228.3	335.5	151.6	68.8	227.9	127.5	$8,730
1978	20.6	30.0	21.8	239.5	365.0	154.3	78.0	215.9	121.6	$8,905
1979	20.6	24.8	25.2	247.2	412.7	157.8	79.6	250.3	107.7	$9,099
1980	19.4	18.7	32.7	252.8	403.8	155.7	87.3	264.3	107.6	$9,087
1981	16.1	13.6	44.9	218.4	387.9	133.1	111.1	272.8	124.9	$8,751
1982	13.1	12.2	49.3	203.1	389.4	154.3	110.8	262.1	120.4	$8,523
1983	13.5	11.4	46.0	197.5	419.1	131.6	108.5	279.2	121.1	$8,582
Jan-Jun'83	5.6	5.5	22.1	113.0	208.9	71.5	53.8	149.7	49.6	$4,190
Jan-Jun'84	4.4	6.7	23.6	103.6	217.8	69.2	52.4	135.4	50.9	$4,525

N.A. -- Not available
@ Suits including pant-suits
* Sweaters for women and men
# Physical volume of output of women's and children's apparel industry expressed in 1967 value.
SOURCE: U.S. Bureau of the Census and ILGWU Research Department (benchmarked to 1963, 1967 and 1972 Census of Manufactures)

IMPORTS

For the domestic producers of women's and children's wear and their workers, imports continue to override all other problems. The growth of imports has forced shop closings, reduced job opportunities and undercut efforts at improving workers' wages and standards.

In 1983, imports of women's and children's wear rose 21.3 percent, until then the largest single annual increase in the history of such imports. It was hoped that this spectacular rise was temporary and would abate as the recovery slowed and inventory pipelines filled. Some hoped that government actions would arrest the rapid rise in imports. These hopes were dashed as 1984 progressed.

In the first seven months of 1984, imports of women's and children's wear, measured in terms of the square yards of fabric used in their manufacture, rose

IMPORTS OF SELECTED WOMEN'S AND CHILDREN'S GARMENTS
(in thousands of units)

Product	Year 1979	Year 1980	Year 1981	Year 1982	Year 1983	Jan-July 1983	Jan-July 1984
Coats & jackets, cotton	8,392	14,580	19,706	18,835	18,429	12,085	14,349
" " " wool	1,936	2,259	2,300	2,229	3,276	1,413	1,963
" " " synthetic	23,760	25,746	22,274	26,017	30,071	22,625	26,254
TOTAL	32,602	42,857	52,077	59,548	61,626	36,123	42,566
Suits, wool	445	344	654	1,018	1,390	559	804
" synthetic	1,725	1,370	2,112	2,955	4,963	2,628	3,848
TOTAL	2,169	1,715	2,766	3,973	6,353	3,186	4,652
Dresses, cotton	4,832	8,413	9,396	9,397	12,280	8,911	12,131
" wool	496	1,013	1,109	415	1,022	179	863
" synthetic	11,860	13,884	15,839	13,798	21,599	13,485	15,809
" silk (non-ornamented)	990	1,143	1,697	1,563	2,385	1,513	2,192
TOTAL	18,178	24,453	28,041	25,172	37,286	24,088	30,993
Blouses, cotton	126,743	107,475	118,007	125,985	140,055	88,988	118,768
" wool	6,450	6,603	7,968	5,186	7,166	1,941	4,681
" synthetic	89,169	93,214	96,686	107,699	123,598	75,016	86,036
" silk (non-ornamented)	3,806	3,668	5,402	4,272	6,094	3,380	6,254
TOTAL	226,168	210,960	228,064	243,142	276,913	169,325	215,740
Knit shirts (a), cotton	58,774	51,421	47,488	54,144	57,799	37,064	49,448
" " synthetic	123,630	116,788	126,803	137,109	170,522	110,614	109,352
TOTAL	182,404	168,209	174,290	191,253	228,321	147,678	159,800
Sweaters (b), cotton	5,485	6,115	5,651	8,900	10,000	5,780	8,909
" wool	19,910	30,659	27,519	31,055	34,392	18,548	19,841
" synthetic	94,846	112,384	112,541	115,162	128,954	75,844	83,187
TOTAL (c)	120,747	149,879	148,968	161,475	187,595	104,926	127,902
Skirts, cotton	8,469	9,955	14,327	14,740	19,530	13,722	19,447
" wool	1,626	1,298	1,287	1,556	2,933	1,016	1,920
" synthetic	4,040	3,522	5,945	7,038	13,980	8,318	11,074
TOTAL	14,135	14,774	21,559	23,334	36,443	23,056	32,442
Slacks & shorts, cotton	86,368	97,843	106,626	99,844	140,596	93,870	102,042
" " " wool	745	959	1,348	1,552	2,200	746	1,081
" " " synthetic	66,431	68,584	75,475	107,291	97,163	57,894	74,582
TOTAL (c)	153,869	168,035	184,530	209,386	240,745	152,935	178,419
Playsuits, cotton	12,292	18,114	21,230	23,157	24,100	13,840	22,830
" synthetic	7,839	8,382	7,911	7,126	9,493	6,014	9,116
TOTAL	20,132	26,496	29,141	30,283	33,593	19,853	31,946
Raincoats (b), cotton	4,029	2,331	1,995	2,044	2,332	1,176	2,495
" synthetics	5,542	4,365	4,764	4,578	4,445	2,256	4,259
TOTAL	9,572	6,696	6,759	6,623	6,777	3,432	6,754
Dressing gowns & robes, cotton	1,005	1,814	2,487	3,349	4,196	2,316	2,848
" " " " wool	5	82	7	8	10	4	6
" " " " synthetic	1,695	1,555	2,046	2,015	2,418	1,329	2,290
TOTAL (c)	2,712	3,469	4,572	5,406	6,689	3,671	5,197
Nightwear & pajamas, cotton	6,369	6,652	10,678	11,803	13,130	5,303	6,386
" " " synthetic	1,848	1,873	2,735	4,755	6,570	2,797	5,550
TOTAL (c)	8,221	8,534	13,423	16,585	19,742	8,126	11,959
Underwear, cotton	15,971	19,177	28,368	45,980	70,313	40,444	41,207
" wool	204	266	227	263	250	85	76
" synthetic	23,490	33,960	40,693	38,109	50,978	23,849	43,869
TOTAL (c)	39,739	53,466	69,502	84,654	121,857	64,481	85,504
Brassieres, cotton	2,223	1,619	1,178	1,640	3,244	2,181	1,461
" synthetic	131,508	142,529	150,922	136,239	144,733	77,698	90,057
TOTAL	133,731	144,148	152,100	137,879	147,976	79,879	91,518
Girdles & corsets, cotton	14	5	54	23	38	5	52
" " " synthetic	5,041	6,830	7,752	7,445	9,546	4,438	6,794
TOTAL	5,055	6,835	7,806	7,468	9,584	4,444	6,847
Infants' sets (d), cotton & synthetic	31,761	35,947	36,634	35,999	43,964	23,133	32,173
Swimwear, synthetic	13,865	11,379	8,059	9,247	9,949	6,976	9,060
Tops & vests, cotton & synthetic	13,346	17,399	13,160	9,453	8,393	6,200	8,426
Body suits & shirts, synthetic	3,109	730	1,564	2,684	5,289	2,936	3,414
Coveralls (e), synthetic	746	737	812	908	1,165	602	751
Judo/karate suits, cotton & synthetic	96	184	190	273	293	145	255

(a) Excludes knit tops
(b) Men's, women's and children's
(c) Includes garments of silk and other fibers not shown separately
(d) Up to and including 2 years of age
(e) Includes overalls and jumpsuits

SOURCE: U.S. Bureau of the Census (imports for consumption)

by an even higher 24.3 percent. In actual yardage, the seven month influx exceeded that for the whole year of 1980.

Import gains were widespread. Imports of cotton women's and children's wear were ahead by 31.0 percent, those of wool by 34.7 percent and those of man-made fibers by 20.1 percent. Imports of knit women's and children's wear rose by 21.1 percent, while in woven fabric garments the gain was 27.2 percent.

Examination of import data for individual items of women's and children's wear shows a similar surge. In each of the 21 products for which data are available, imports increased in the first seven months of 1984 over the same 1983 period. Knit shirt imports rose 8 percent, while those of bodysuits, slacks and shorts, coats and brassieres rose 15 to 18 percent.

Imports of sweaters, coveralls, blouses and dresses advanced 22 to 29 percent, while those of swimwear, underwear, infants' sets, tops and vests, dressing gowns and skirts rose 30 to 39 percent. Imports of suits, nightwear, playsuits, girdles and corsets gained 42 to 61 percent. The largest increases took place in judo and karate suits and raincoats, where imports zoomed 76 and 91 percent respectively.

The import surge in women's and children's apparel was repeated in men's and boys' wear and other textile products. For apparel as a whole, the seven month imports in 1984 were 28.8 percent higher than in 1983. Were this pattern to continue for the balance of the year, more than half of the clothing worn in the United States would be produced abroad. This growing penetration serves as dramatic proof of the failure of the Multifiber Agreement, the bilateral agreements and the programs of the present Washington Administration, to adequately regulate imports.

Whether retailers, wholesalers or manufacturers, U.S. importers have been getting around the quotas with impunity. Production has been shifted to countries without quotas or where they are unfilled and legal and illegal transshipping through third countries has been rampant.

The much vaunted program to tighten administration of the textile agreements, announced by the White House last December, has, as we predicted last March, done little or nothing to stem the tide. It was apparent from the start the program itself was inadequate to the problem. There were too many loopholes in the program to do more than moderate a very high growth rate and even this modest step was not accomplished.

The current Administration effort -- a revision of the rules of origin -- to eliminate transshipment in violation of quota, may open the door to a number of other practices that may be harmful to the domestic industry.

While the new rules for country of origin [the country whose quota would be charged with the shipment] could be effective in the case of full-fashioned knitwear, since the country that knit the parts would be charged, the picture is much more clouded for cut-and-sew products.

The proposed rules may be interpreted as providing that if fabric is cut in one country and sewn in a second country the country of origin would be the country that cut the fabric, not the country that did the sewing. If the rule is so interpreted by U.S. Customs, it could have a devastating effect on the domestic

apparel industry. The vast proportion of the work involved in making a garment is sewing and only a relatively minute fraction consists of cutting the fabric.

Our industry and its workers are also under attack by additional efforts in and out of the government to exclude from quotas all or part of goods cut in the United States and sewn abroad. If adopted, such a practice could cause severe injury to the domestic industry.

The increased resort to "off-shore sourcing", a euphemism for imports, by U.S. manufacturers has led some to view this form of importing as somehow healthier for the U.S. than other forms of importing. This, of course, is nonsense, except for the individual firm doing the importing.

No matter what type of firm does the importing -- retailer, wholesaler, importer or manufacturer -- imports are obviously profitable to the U.S. importing firm. But profits are not the only measure of contribution to the economy. Preserving and creating jobs is of at least equal importance.

If the concepts that garments made of U.S. fabric, regardless of where they are sewn, are good for the U.S. or that importing by U.S. manufacturers is better for the nation than imports through other distribution channels, win out, our domestic industry will be beset with greater problems than heretofore.

The ILGWU and its allies will have to redouble our common efforts to prevent the destruction of our industry and the jobs it provides.

EMPLOYMENT, MANHOURS AND PAYROLLS

After many years of decline, production worker employment in the women's and children's wear industry reversed course in the first half of 1984 and showed an increase of 4.5 percent. With the aid of a 2.4 percent increase in average weekly hours, the number of manhours worked rose by 8.0 percent. Average weekly earnings were ahead by 6.1 percent and the industry's payrolls rose over the same 1983 months by 11.9 percent.

Although any gain in employment is welcome news, there are few signs that long-term optimism is in order. The continued rise in imports, far outstripping retail demand, suggests that employment setbacks can be anticipated before long. Employment is still 18.3 percent below the peak in the first half of 1973.

The 1984 employment gains were fairly pervasive. Only in the coat, suit and skirt branch did the number of workers decline, dropping by 0.7 percent. Elsewhere the trend was positive. Blouse industry employment moved ahead by a marginal 0.4 percent while in the dress industry it was up by 2.0 percent.

Employment was up by 4.1 percent in knit outerwear and by 5.0 percent in corsets and brassieres. In "other outerwear" (including slacks, shorts, play garments, bathing suits and washable service apparel) it rose by 6.5 percent and by 7.4 percent in children's outerwear and 7.6 percent in knit underwear. The largest gain was in the underwear and nightwear industry, where the number of production workers advanced by 9.5 percent in the first half.

EMPLOYMENT, MANHOURS, AND PAYROLLS, WOMEN'S AND CHILDREN'S GARMENT INDUSTRY

AVERAGE EMPLOYMENT OF PRODUCTION WORKERS

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear (*)	Child. Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear (*)
1973	64,500	183,700	45,900	70,200	68,900	102,000	24,700	72,800	28,700
1974	61,300	166,300	45,500	67,100	63,200	103,500	22,700	67,000	29,400
1975	56,800	149,800	45,600	57,300	56,600	100,000	19,600	61,100	28,800
1976	61,000	151,100	48,400	60,500	60,200	112,600	19,300	64,900	31,400
1977	56,700	144,300	49,600	64,700	59,000	118,600	16,600	64,600	29,100
1978	55,500	145,000	53,600	67,100	59,100	124,600	16,100	63,900	29,000
1979	55,900	138,700	55,800	60,400	56,800	124,600	14,900	63,100	27,600
1980	57,100	127,900	54,100	59,400	55,100	120,400	13,900	62,100	26,700
1981	53,200	121,300	55,000	60,000	54,700	123,400	14,200	62,500	26,300
1982	47,900	110,900	52,200	55,400	52,000	117,700	12,100	58,600	24,200
1983	47,800	106,900	50,900	53,100	50,700	122,400	12,100	58,900	25,600
Jan-Jun'83	46,000	107,500	51,000	51,700	49,700	122,200	12,000	56,800	24,900
Jan-Jun'84	45,700	109,700	51,200	53,800	53,400	130,100	12,600	62,200	26,800

MANHOURS OF PRODUCTION WORKERS (in millions)

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear (*)	Child. Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear (*)
1973	109.7	307.6	80.0	134.6	123.1	182.6	44.6	132.3	54.6
1974	103.1	263.7	77.2	126.7	111.7	182.9	40.1	119.5	54.6
1975	95.4	242.3	79.3	106.3	101.3	178.7	34.9	107.6	54.4
1976	104.1	251.4	84.3	115.0	109.5	199.4	35.7	118.9	59.8
1977	94.4	237.6	84.7	122.6	105.4	207.9	30.1	117.5	55.1
1978	93.1	237.5	92.6	124.8	106.6	218.8	29.4	113.7	54.6
1979	93.1	220.5	95.3	113.0	102.5	216.2	26.4	113.5	50.0
1980	97.1	202.6	92.7	114.2	97.9	209.2	24.1	113.4	49.4
1981	90.2	197.6	93.8	112.5	99.0	216.6	25.4	114.1	47.5
1982	78.1	179.9	89.7	101.7	92.1	199.9	20.4	102.8	41.9
1983	81.3	175.4	88.2	98.6	90.8	219.3	21.7	107.6	47.9
Jan-Jun'83	38.6	88.0	43.7	46.7	44.3	108.9	10.6	50.6	23.1
Jan-Jun'84	39.3	91.9	44.9	50.9	49.2	119.1	11.7	58.0	25.5

PAYROLLS OF PRODUCTION WORKERS (in millions of dollars)

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear (*)	Child. Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear (*)
1973	$347.1	$906.5	$209.6	$389.0	$314.3	$481.7	$120.1	$321.9	$144.5
1974	349.5	843.9	220.7	397.1	305.8	526.5	116.8	314.7	155.3
1975	342.3	801.4	240.4	356.4	297.4	545.1	109.8	303.0	163.1
1976	390.3	887.8	272.9	408.4	317.8	657.6	120.6	359.4	193.5
1977	377.1	887.5	292.2	456.3	346.3	726.3	107.6	376.4	191.2
1978	391.3	953.0	340.0	491.9	377.8	830.1	112.3	398.9	204.2
1979	420.6	955.4	377.4	482.8	393.8	886.8	109.0	430.4	204.2
1980	489.2	953.7	399.0	535.6	417.9	930.0	105.9	464.1	225.4
1981	490.9	1,002.7	436.9	567.4	450.6	1,032.7	121.3	508.5	234.5
1982	444.0	946.5	427.8	534.1	436.2	991.7	103.9	476.3	216.6
1983	484.0	966.5	432.8	544.8	435.7	1,113.5	114.6	517.3	255.1
Jan-Jun'83	223.6	477.8	214.1	254.2	212.1	549.5	54.6	242.0	122.4
Jan-Jun'84	239.0	518.1	225.4	292.3	243.7	620.3	64.9	285.1	141.3

* Men's and women's garments

SOURCE: U.S. Bureau of Labor Statistics and ILGWU Research Department estimates

With workers putting in more hours per week in their shops as business brightened, the number of manhours worked was ahead in every one of the branches. Gains were smallest in women's coat, suit and skirt shops, dress plants and blouse factories. They ranged from 2 percent to 4 percent over last year's first half. In the other branches, gains were more substantial, ranging from 9 percent in knit outerwear up to 14.6 percent in underwear and nightwear.

While the 1984 improvements in activity in individual branches may seem impressive, they may be better understood in the light of historical patterns. The gains represent some recovery from the extremely large cutback in employment and manhours that took place in 1981 and 1982 as the recession hit. They do not represent a significant return to the peak levels of the past. In the coat, suit and skirt industry employment was at a new low. Only in "other outerwear" was activity at a new high.

Significant improvements in workers' weekly earnings helped bring payrolls in every branch of the industry ahead of last year. In most cases the 1984 payrolls were at or near previous peak levels.

AVERAGE HOURLY EARNINGS, WOMEN'S GARMENT AND OTHER SELECTED INDUSTRIES

Industry	June 1974	June 1979	June 1980	June 1981	June 1982	June 1983	June 1984
WOMEN'S GARMENTS							
Coats, Suits, skirts	$3.40	$4.53	$5.08	$5.49	$5.60	$5.92	$6.09
Dresses	3.14	4.31	4.70	5.08	5.25	5.51	5.69
Blouses	2.94	3.97	4.31	4.62	4.74	4.93	5.02
Knitted outerwear*	3.12	4.19	4.71	4.98	5.19	5.43	5.81
Children's outerwear	2.75	3.81	4.12	4.53	4.75	4.79	4.98
Other outerwear	2.87	4.08	4.43	4.74	4.95	5.07	5.19
Corsets, brassieres	2.91	4.15	4.36	4.71	5.06	5.28	5.48
Underwear, nightwear	2.65	3.76	4.06	4.43	4.59	4.75	4.87
Knitted underwear*	2.85	4.04	4.56	4.90	5.11	5.27	5.52
MEN'S CLOTHING							
Suits, coats	3.58	5.03	5.22	5.68	5.91	6.21	6.57
Shirts, nightwear	2.64	3.71	4.06	4.41	4.64	4.72	4.85
Separate trousers	2.75	3.93	4.28	4.64	4.84	4.98	5.13
Work clothing	2.62	3.82	4.11	4.42	4.69	4.87	5.10
ALL MANUFACTURING	4.41	6.67	7.21	7.97	8.50	8.79	9.14
NON-DURABLE GOODS	4.00	5.94	6.50	7.13	7.71	8.05	8.33
DURABLE GOODS	4.68	7.12	7.69	8.54	9.06	9.34	9.69
Automobiles	5.84	9.12	9.71	11.19	11.90	12.12	12.67
Primary metal industries	5.61	8.91	9.65	10.75	11.30	11.24	11.47
Printing, publishing	5.02	6.91	7.45	8.12	8.67	9.05	9.29
Rubber and plastic products	4.03	5.92	6.45	7.14	7.65	7.93	8.24
Cotton fabrics	3.28	4.67	5.02	5.52	5.99	6.46	6.77
Silk and synthetic fabrics	3.39	4.73	5.15	5.66	6.11	6.57	6.91
Wool fabrics	3.40	4.73	5.22	5.66	6.19	6.51	6.83
COAL MINING	6.17	10.45	10.97	11.89	12.77	13.65	14.96
BUILDING CONTRACTORS	6.08	8.51	9.19	9.66	10.38	10.53	10.75

* Men's and women's garments

SOURCE: U.S. Bureau of Labor Statistics

HOURLY EARNINGS

The latest information on hourly earnings in the various sectors of our industry is for June 1984. These data, collected by the Bureau of Labor Statistics, include earnings in ILGWU shops as well as in unorganized plants. They do not include the cost of various fringe benefits. In the case of ILGWU shops, they also do not include the effect of the July 1984 round of increases negotiated in 1982.

The largest increase in hourly earnings between June 1983 and June 1984 took place in knit outerwear where the average wage rose by 38 cents. Hourly earnings in knitted underwear advanced 25 cents, while in the corset and brassiere sector it increased 20 cents.

Earnings in children's outerwear rose 19 cents, while in dresses they went up 18 cents and in the coat, suit and skirt branch they gained 17 cents. The smallest advances took place in "other outerwear" and underwear and nightwear, where earnings were up 12 cents, and in the blouse branch where the gain was limited to 9 cents per hour.

CURRENT OUTLOOK

To a greater extent than at any time since the 1932 election, political factors will influence the direction of the economy in the next eighteen months and beyond. As in 1932, the political-economic question is whether policies geared to the special interests of the wealthy should dominate our society and be allowed to supersede the responsibility of government to the nation as a whole.

To a degree, economics and politics have a life of their own. In the current scene, however, neither can be viewed apart from the other. A change in government alone need not result in a change in the current economic direction. To influence the direction of the economy, a new Administration and Congress would have to address a series of crucial questions, including, but not limited to, employment and industrial policies, trade, taxes, the neglect of the infrastructure, capital investment and a reversal in the undoing of social protections by the Reagan Administration.

With the election upon us, it may be useful to examine a key problem in the economy, rather than seek to project the outlook in any detail. Elsewhere in this report, the primary problem facing the apparel industry -- and the living standards of all American workers -- has been addressed in detail.

Capital investment in machinery and non-residential structures is generally viewed as a basic stimulus to the economy and to job creation in particular. Data on such investments, which surpassed pre-Reagan levels only this year, show a 20 percent rise over the prior quarter in each of the first two quarters of 1984. Projections for the year suggest sharp rises in both categories for the year as a whole. This sudden growth in investment is, however, not a confirmation of the validity of the President's tax policy, particularly the claims that it would encourage investment and lead to job creation.

A close look at the data shows that electronics equipment -- computers, other communication equipment and scientific and engineering instruments -- now

constitutes more than 40 percent of capital investment. Electronic equipment is used in both factories and offices as a substitute for labor and rarely reflects the creation of new jobs.

In the machinery and transport category -- which includes consumer durables -- the bulk of investment is in private capital equipment. Imports have played an increasingly important role in such purchases. In the first half of 1984, imports in the category totalled $60 billion, 44 percent higher than in the first half of 1983. A $20 billion trade surplus in the first half of 1981 was converted into a $15 billion deficit in the first half of 1984. Aside from the loss of domestic employment from imports, most of the investment is made to improve efficiency and existing capacity and to replace labor, not to add to capacity and jobs.

The industrial share of private construction has dropped consistently since peaking in 1969, when it represented 32 percent of the total. In the first four months of this year, despite the sharp rise in capital equipment outlays, new plant accounted for less than one-fifth of the total. The surge in private construction is largely due to the increase in office building construction begun in 1981.

According to the Department of Commerce's forecast, new manufacturing and office construction is expected to decline this year. The only increase in non-residential construction is projected for shopping centers, fast-food restaurants, banks, garages and the like -- all service-related and at best offering low paying employment.

So far as leading to the creation of new capacity is concerned, the capacity data series of the Federal Reserve System bears out the earlier expressed conclusion that current investment, including imports of capital goods, is not creating the basis for an expansion in employment.

The data show that industrial capacity grew in the late 1960s at roughly 5 percent per year, at a lesser 3.5 percent in the early 1970s, 2.5 percent in 1976 and then rose at 3.1 percent per year in 1977-1980. Capacity increased in 1981 by 2.7 percent, by 2.2 percent in 1982 and from the first half of 1983 to the first half of 1984 by 2.1 percent.

Most significant in the light of Administration claims is the small 2.1 percent increase in capacity in the last twelve months at a time when non-residential private fixed investment, corrected for price increases, grew by 24 percent. This underlines the earlier conclusion that when capital spending began to show some life in the last year it was mainly directed at replacement and modernization, rather than to generate new employment.

According to the Department of Commerce's latest quarterly survey projections, plant and equipment outlays are expected to be 14.8 percent higher this year than in 1983, assuming no change in prices. If these projections hold, capital spending at an annual rate in the fourth quarter of 1984 would be 7 percent above its pre-recession peak. However, in real terms, the total of such outlays dropped 13.7 percent from the peak to the trough of the recession.

For manufacturing, the fourth quarter projection shows investments levels at only 1.4 percent above the pre-recession peak, with investment in durables at that peak and non-durables 2.4 percent higher. Capital spending in manufacturing declined 17.7 percent from the peak to the the trough of the

recession. The midyear projection would put capital spending in manufacturing for the year at a level 6 percent lower than in the pre-recession peak.

Two comments by Alan Greenspan, Chairman of the Council of Economic Advisors under President Ford, help to put the "boom" in investment into perspective. In early June, he stated: "This is short-lived stuff that creates a lot of wheelspinning. It will catch up with you in the longer run. You can't build an infrastructure based on short-term investments. You can't build a high level of civilization if everything is quick turnover."

Earlier in the same week, Greenspan said: "When one looks at what capital investment is supposed to do -- add to facilities, capital stock and productivity -- then capital spending is minimal."

The fortunes of the apparel industry are closely related with those of the general economy. Economic uncertainty makes it difficult to project the impact on consumer spending for apparel items in the near future. For the moment, however, apparel sales at retail seem to be holding up.

There are indications, however, that retailers have heavier inventories than they would normally desire and are running promotions to help bring them into line. In addition, there are signs of cutbacks in ordering, particularly of U.S.-made apparel, since it is more difficult to cancel foreign orders which are placed further in advance.

The difficulties some importers have experienced with quotas has led to some shift of work back to the United States. In balance, current production levels may be sustained for the next few months.

The major question facing the industry, as it has for a long time, is the impact imports will have in the days ahead. Continued growth in foreign made apparel at the pace of the last two years could lead to a rapid decline of the domestic industry. Only political pressures leading to strong government action can prevent this from happening.

APPENDIX

UNIT PRODUCTION AND NET VALUE OF SHIPMENTS, WOMEN'S AND CHILDREN'S GARMENTS

UNIT PRODUCTION (millions of garments)

PRODUCT	1966	1976	1977	1978	1979	1980	1981	1982	1983
WOMEN'S AND MISSES' GARMENTS'									
Coats	27.7	22.2	20.1	20.6	20.6	19.4	16.1	13.1	13.5
Suits, other than pantsuits	11.6	11.0	11.4	10.8	10.5	9.8	7.9	8.0	7.8
Pantsuits	--	21.4	20.8	19.2	14.4	8.9	5.6	4.2	3.6
Jackets	13.3	26.9	28.1	24.9	29.1	37.6	49.2	54.0	50.6
Dresses	321.3	213.5	228.3	232.5	247.2	252.8	218.4	203.1	197.5
Blouses and waists	223.3	296.2	335.6	365.0	412.7	403.8	387.9	389.4	419.1
Knit sport shirts (a)	49.2	117.9	151.6	154.3	157.8	155.7	133.1	154.3	131.6
Sweaters	99.5	81.0	81.0	76.8	66.9	66.9	77.4	74.5	75.9
Skirts	131.1	64.9	68.8	78.0	79.6	87.3	111.1	110.8	108.5
Slacks	93.2	169.9	155.2	157.4	171.1	176.9	169.7	171.6	180.5
Dungarees and jeans	17.7	76.5	72.7	58.5	79.2	87.4	103.1	90.5	98.7
Playgarments (b)	49.3	29.4	29.7	31.4	31.4	28.1	26.8	46.5	51.7
Bathing suits	21.8	25.4	27.7	31.3	35.3	33.5	42.0	46.1	44.1
Raincoats	13.6	9.3	7.5	6.8	7.3	7.5	6.5	5.8	5.9
Washable service apparel	60.9	28.8	38.9	39.8	41.3	37.2	36.8	45.1	43.4
Corsets	96.2	51.8	53.1	49.2	47.5	48.1	47.4	43.8	46.0
Brassieres	250.5	207.1	209.6	206.5	216.1	216.4	216.0	204.5	208.5
Slips and petticoats	150.7	80.0	80.3	83.6	86.5	76.9	71.2	67.6	68.7
Panties	393.4	519.8	478.9	479.8	494.5	564.2	597.1	439.2	448.3
Nightgowns and pajamas	136.7	161.7	172.3	182.1	168.7	169.6	178.0	169.2	171.0
GIRLS', CHLDREN'S AND INFANTS' GARMENTS									
Coats	11.9	6.9	5.6	4.9	5.2	4.1	4.1	3.1	2.9
Jackets	7.0	7.6	7.4	6.5	6.3	7.1	8.1	7.5	8.3
Dresses	120.6	74.8	74.5	74.8	77.6	81.9	76.3	72.8	81.0
Blouses and waists	35.4	44.8	46.2	54.7	53.6	55.9	55.5	61.7	62.5
Knit sport shirts (a)	98.9	145.8	143.0	142.9	138.8	139.4	143.4	146.5	148.0
Sweaters	35.5	13.4	18.8	14.6	13.0	13.6	13.2	12.0	13.1
Skirts	17.5	7.3	5.9	8.5	9.0	10.4	7.6	19.3	18.7
Slacks and shorts	80.9	70.5	64.2	62.5	67.3	68.9	77.2	77.3	80.8
Dungarees and jeans	23.6	32.6	36.7	35.7	35.3	43.0	48.7	35.8	35.2
Playgarments (b)	168.8	110.5	109.4	133.9	129.6	127.4	109.6	110.5	107.7
Bathing suits	18.3	10.4	10.7	11.3	10.9	10.3	10.8	10.4	9.9
Raincoats	2.8	0.5	0.5	0.6	0.5	0.6	0.5	0.5	0.3
Slips and petticoats	30.5	6.2	5.5	5.8	6.7	6.7	6.6	5.0	5.0
Panties	192.3	194.9	169.2	172.6	177.0	177.4	169.1	155.7	150.1
Nightgowns and pajamas	97.6	88.8	96.2	103.0	98.1	104.0	96.2	92.4	102.8

VALUE OF SHIPMENTS (millions of dollars)

PRODUCT	1966	1976	1977	1978	1979	1980	1981	1982	1983
TOTAL	$ 8,656	$13,484	$14,688	$16,623	$18,302	$19,988	$21,650	$22,391	$23,668
WOMEN'S OUTERWEAR									
Coats	672	645	630	707	814	773	701	616	653
Suits, other than pantsuits	246	249	338	338	330	329	312	333	338
Pantsuits	--	314	350	329	222	144	97	88	82
Jackets	73	300	342	382	517	741	1,028	1,134	1,155
Dresses	2,279	2,667	2,764	3,447	3,632	3,735	3,704	3,740	3,963
Blouses and waists	515	1,420	1,644	1,983	2,311	2,511	2,736	2,855	3,085
Knit sport shirts (a)	107	479	614	644	686	722	697	896	869
Sweaters	352	450	481	490	426	430	492	500	527
Skirts	485	399	435	593	697	867	1,122	1,202	1,248
Slacks	247	999	1,021	1,214	1,326	1,489	1,614	1,698	1,668
Dungarees and jeans	26	430	440	369	598	776	1,097	955	1,241
Playgarments (b)	142	94	105	109	113	150	148	270	313
Bathing suits	94	188	215	252	304	322	411	463	466
Raincoats	123	163	165	174	205	219	221	199	201
Washable service apparel	123	143	185	207	210	205	213	243	258
Other outerwear	350	584	773	893	984	1,065	1,159	1,207	1,276
CHILDREN'S OUTERWEAR									
Coats	75	78	63	53	61	60	61	37	36
Jackets	21	41	46	39	37	44	66	60	66
Dresses	320	337	350	366	422	483	484	526	572
Blouses and waists	50	105	123	157	170	191	226	247	248
Knit sport shirts (a)	84	246	258	287	315	375	436	451	463
Sweaters	70	48	65	57	66	65	62	61	68
Skirts	47	32	30	44	49	60	49	85	77
Slacks and playgarments (b)	247	476	471	529	565	659	699	741	777
Dungarees and jeans	33	102	126	127	141	190	213	214	228
Bathing suits	44	31	37	40	43	41	45	50	47
Raincoats	10	5	4	5	6	8	8	8	5
Other outerwear	140	243	245	265	292	339	365	386	402
INTIMATE APPAREL									
Corsets and brassieres	654	702	743	749	786	849	898	995	918
Undergarments	575	652	675	750	859	932	976	951	1,076
Nightwear	449	862	952	1,024	1,115	1,214	1,310	1,280	1,342

(a) Includes sweatshirts
(b) Includes playsuits, shorts, pedal pushers, and other playgarments

SOURCE: U.S.Bureau of the Census data benchmarked to the 1972 Census of Manufactures